
The financial data presented in this section represent the Financial Summary and a written Overview of the revenues and expenses for all of City of Memphis Funds. Figures are rounded to the nearest dollar. Some totals may be off due to rounding.

BUDGET OVERVIEW

Category	FY 2015 Actual	FY 2016 Adopted	FY 2016 Forecast	FY 2017 Request
Revenue:				
Local Taxes	\$ 432,560,962	\$ 430,155,748	\$ 434,176,295	\$ 441,868,104
State Taxes	65,057,921	60,075,000	81,421,394	83,875,000
Licenses and Permits	12,253,023	11,473,033	12,357,323	12,488,033
Fines and Forfeitures	16,162,607	19,603,368	18,307,213	18,188,368
Charges for Services	31,090,876	30,601,863	31,878,863	33,468,639
Use of Money and Property	476,751	335,000	343,030	335,000
Federal Grants	1,434	117,197	-	-
State Grants	1,432,891	1,630,362	1,630,362	1,630,362
Intergovernmental Revenues	3,410,528	3,516,708	5,995,925	6,394,658
Other Revenues	11,552,466	7,048,373	8,262,231	6,962,116
Transfers In	66,350,364	80,214,789	61,107,981	62,000,000
Total Revenues	\$ 640,349,823	\$ 644,771,441	\$ 655,480,617	\$ 667,210,280
Expenditures:				
Personnel Services	\$ 443,304,002	\$ 459,419,174	\$ 444,091,202	\$ 469,252,199
Materials and Supplies	101,123,040	122,240,466	128,052,321	127,409,776
Capital Outlay	19,626	451,500	210,994	947,594
Grants and Subsidies	67,841,713	64,091,975	69,584,523	59,501,763
Inventory	306,033	342,839	286,332	285,687
Expense Recovery	(15,158,643)	0	0	0
Investment Fees	0	0	67,539	0
Bond Issue Costs	1,350	0	0	0
Service Charges	113,585	65,828	137,360	89,200
Transfers Out	19,005,478	11,443,386	9,632,428	9,724,061
Depreciation on Own Funds	7	0	0	0
Total Expenditures	\$ 616,556,191	\$ 658,055,168	\$ 652,062,699	\$ 667,210,280
Net change in Fund Balance	\$ 23,793,632	\$ 0	\$ 3,417,918	\$ 0



Budget Overview

The City of Memphis tax revenues return to the pre-recession levels as tax revenues show steady growth, jobs return to the bluff city, and cultural amenities continue to blossom. The Fiscal Year 2017 (FY2017) budget conservatively embraces economic positives and carefully apportions increased investments in the City's priorities to creating *safe neighborhoods, a clean and vibrant community, which is inclusive of our roads and infrastructure, motivated employees, and insuring pension benefits are available, to those who have provided government service, by funding required contributions at the appropriate levels.*

Public safety is a top priority. Safe neighborhoods create vibrant neighborhoods. It takes government, community partnerships, and citizen participation to create sustainable strategies to make our city and its communities safe. As several communities have already stepped up to donate sky cameras to the City Of Memphis, we have taken their lead and included \$407k for 70 Sky Cameras to be deployed in each council district. This budget has also increased funding for Police and Fire to insure the maintenance of a work force at effective staffing levels. Furthermore the budget includes adequate funding for police technology initiatives such as body cameras and \$3.0 million directed at improving Police benefits.

Investments to create a vibrant community are represented in this budget through blight funding, public transportation and community grants. This budget continues funding at \$3.0million to fight blight and increases the City Attorney's staff by three persons to litigate blight more effectively. In public transportation the budget for Memphis Area transit Authority (MATA) has been increased by \$2.5 million. Funding for community service grants and assistance for middle income housing is included a \$526k.

Employees are valued. Cost of living adjustments (COLAs), which began in FY2016, are in full year effect for FY2017. For those who have served the City we are doing our part to fund pensions so they are there when needed. Funding in FY 2017 will increase by \$4.0 million. This represents a payment of 93% of the annual required contribution (ARC). Just two years ago we were at 58%.

A More Detailed discussion of the Numbers

General Fund Discussion

Revenues

The revenue budget was developed relying on, management's trend experience and economic research by the University of Memphis (U of M), with particular focus on the forecast and trends for the top ten revenue sources.

The FY2017 *General Fund Revenue Budget* is \$667.2M compared to FY2016 adopted budget of \$644.7M. Generally revenues are increasing because of the improved economy. This is noted in increases in Local and State tax revenue. Bass Pro rental income and Graceland Tourism Development Zone (TDZ) are new revenues that were not in last year's budget. PILOT revenue from MLGW is expected to decrease slightly.

REVENUES

Fund Type	FY2016 ADOPTED	FY2017 Proposed	Inc./ Dec
General Fund	\$ 644,771,441	\$ 667,210,280	\$ 22,438,839

Notable FY 2017 budget revenue increases and decreases are as follows:

- ❖ \$ 5.4 million – Ad Valorem Taxes
- ❖ \$ 5.0 million – Local Sales Tax Growth
- ❖ \$ 5.5 million – State Sales tax Growth
- ❖ \$ 3.0 million - State Income Tax Growth
- ❖ \$ 1.0 million - Bass Pro Rental Income
- ❖ \$ 1.9 million - Graceland TDZ
- ❖ \$ 3.0 million - Ambulance, Auto Registrations, Gross Business Fees-\$1.0m ea.
- ❖ \$ (1.3) million - Court Fees and Court costs
- ❖ \$ (3.3) million – MLGW PILOT

Expenditures

The FY 2017 *General Fund Expenditure Budget* is \$667.2M. This is 1.4% greater than the FY 2016 adopted budget of \$658M. Throughout this document many divisions may have large increases or decreases; however this is primarily caused by realignment of some divisions and not aggressive increases or decreases. While these are major changes to the budget, spending remains aligned with priorities and maintaining sufficient resources for core government services, such as safety.

BUDGET OVERVIEW

For FY2017 the budget adds spending for safety, technology, public transportation, community programs and increased payments to the pension ARC.

EXPENDITURES

Fund Type	FY2016 ADOPTED	FY2017 Proposed	Inc./ Dec
General Fund	\$ 658,055,168	\$ 667,210,280	\$ 9,155,112

Notable expenditure changes are as follows:

Expenditure Increases:

- ❖ \$ 5.0 million – Full implementation of COLA's
- ❖ \$ 3.0 million – Reserved for Police Recruiting and Equity Reviews
- ❖ \$ 4.2 million – Pension ARC Funding
- ❖ \$ 1.4 million – Overtime
- ❖ \$ 2.5 million – MATA
- ❖ \$ 1.0 million - Technology – Replacement of Obsolete Equipment
- ❖ \$ 1.0 million - Insurance
- ❖ \$ 2.6 million - Initiatives including Sky Cameras, Community Grants,

Expenditure Decreases:

- ❖ \$ - 6.4 million – Pensioners insurance and OPEB Transfers
- ❖ \$ - 2.2 million – *Various*
- ❖ \$ - 1.3 million – Lower Fuel Costs\$800k; Lower Rent\$300k

Debt Service Fund Discussion

The Debt Service Fund provides for the accumulation of resources for the payment of principal, interest, and other costs of the City's debt. A major source of Debt Service Fund revenue is provided by an apportionment of the property tax rate. Recently the City's debt has been rated by Moody's and S & P as AA.

The total Debt Service Fund expenses for FY2017 will be \$157.1M. This is \$4.0 million less than the FY 2016 budget.

DEBT FUND

Fund Type	FY2016 ADOPTED	FY2017 Proposed	Inc./ Dec
Debt Fund Expenses	\$ 161,234,105	\$ 157,172,415	\$ (4,061,690)



The Debt Service Fund's expense budget will to decrease by \$4.0 million reflecting a reduction in principal and interest payments. Revenues in this fund will increase due to taxes and TDZ revenues.

Enterprise Funds Discussion

Enterprise Funds account for the acquisition, operation and maintenance of the City's facilities and services that are entirely or predominantly supported by user fees. Strategies for the enterprise funds include paying for capital requirements. In the Sewer Fund, capital expenses for FY2017 will again be paid for without the issuance of Sewer Revenue bonds. The variance in the FY2016 adopted budget and the FY2017 proposed budget is that there will be less planned debt service interest. Capital purchases for the Storm Water Fund will be financed by G.O. bonds; however the debt service for those bonds will be paid by Storm Water Fund revenues. FY2017 Expenses in this fund will increase slightly from the FY2016 adopted budget.

ENTERPRISE FUND

Fund Type	FY2016 ADOPTED	FY2017 Proposed	Inc./ Dec
Sewer Treatment Expenses	\$ 103,775,750	\$ 87,749,457	\$ (16,026,293)
Storm Water Expenses	\$ 23,281,145	\$ 23,844,591	\$ 563,446
	<u>\$ 127,056,895</u>	<u>\$ 111,594,048</u>	<u>\$ (15,462,847)</u>

Fiduciary Fund Discussion

The full implementation of OPEB changes leaves a fund that provides for only those pre-65 retirees unable to obtain Medicare or meeting certain special circumstances. This has decreased our OPEB liability significantly. The budget presented below reflects cost after the structural changes. Cost are still higher than the revenues in this fund which will be addressed in the coming months.

FIDUCIARY FUND

Fund Type	FY2016 ADOPTED	FY2017 Proposed	Inc./ Dec
OPEB Fund Expenses	\$ 41,611,826	\$ 26,276,256	\$ (15,335,570)

Internal Service Funds Discussion

Internal Service Funds (ISFs) are used to budget for services provided by the fund to other general fund City divisions. The City of Memphis' ISFs are the Healthcare Fund, the Fleet Fund and the Unemployment Compensation Fund. The costs of these funds are rebudgeted as expenditures by the divisions utilizing the goods and services provided by the ISFs.